82-572
No.

Office - Supreme Court, U.S.
FILED
SEP 24 1982
ALEXANDER L. STEVAS,
CLERK

IN THE

Supreme Court of the United States

October Term, 1982

THE GREAT LAKES PRESS CORPORATION,
HOLT MANUFACTURING COMPANY and
DE VRIES BROTHERS,

Petitioners,

v.

BRUCE HOWES,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

JOHN M. CALIMAFDE
Attorney for Petitioners
60 East 42nd Street
New York, New York 10165

Of Counsel:
JOHN M. RHODES, JR.
HOPGOOD, CALIMAFDE, KALIL,
BLAUSTEIN & JUDLOWE
60 East 42nd Streeet
New York, New York 10165

Questions Presented

1. Is a process which is admittedly obvious and routine made patentable because it is claimed in combination with a natural phenomenon?

2. Is the test for obviousness set forth by this Court in *Graham* v. *John Deere Co.*, 383 U.S. 1 (1966), the "exclusive test" for determining obviousness?

TABLE OF CONTENTS

	PAGE
Questions Presented	1
Opinions Below	1
Statement of Jurisdiction	2
Statutory Provisions Involved	2
Statement of the Case	2
The Patented Subject Matter	3
The Previous Independent Development by Petitioners De Vries and Holt	5
The Patented Subject Matter Is Not Patentable Under 35 U.S.C. 101	6
The Court Did Not Apply the *Graham* Test to the Claims	7
Reasons for Granting the Writ	8
1. There Is Confusion Regarding the Patentability of Inventions Involving Natural Phenomena	8
2. The Circuits Are in Conflict as to the Exclusiveness of the *Graham* Tests in the Determination of Patentability Under Section 103	10
Conclusion	11

PAGE

Appendices:

A—Opinion of the United States Court of Appeals for the Second Circuit 1a

B—Opinion of the United States Court of Appeals for the Second Circuit Denying Rehearing 21a

C—Statutory Provisions Involved

35 U.S.C. 101. Inventions Patentable 23a

35 U.S.C. 103. Conditions for Patentability; Non-Obvious Subject Matter 23a

D—Unreported Opinion of the United States Court of Appeals for the District of Columbia, *Colt Industries Operating Corp.* v. *Index-Werke K.G.*, 1981 ..... 24a

E—Opinion of the United States District Court for the Southern District of New York 31a

TABLE OF AUTHORITIES

PAGE

Cases:

Colt Industries Operating Corp. v. Index-Werke K.G., —— F.2d —— (D.C. Cir. 1980) 11

Diamond v. Diehr, *et al.*, 450 U.S. 175 (1981) 8, 9, 10

Graham v. John Deere Co., 383 U.S. 1 (1966) 1, 3, 7, 8, 10, 11

Parker v. Flook, 437 U.S. 584, 594 (1978) 6, 7, 10

Rengo Co. Ltd., *et al.* v. Molins Machine Co., Inc., 657 F.2d 535, 540-546 (3 Cir. 1981) 11

Republic Industries, Inc. v. Schlage Lock Company, 592 F.2d 963, 972 (7 Cir. 1979) 11

Stevenson v. Grentec, Inc., 652 F.2d 20, 22 (9 Cir. 1981) 11

Statutes:

28 U.S.C. 1254(1) 2
35 U.S.C. 101 ..... 2, 3, 6, 8, 9, 10
35 U.S.C. 102 10
35 U.S.C. 103 ..... 2, 3, 10

No.

IN THE

Supreme Court of the United States

October Term, 1982

THE GREAT LAKES PRESS CORPORATION, HOLT MANUFACTURING COMPANY and DE VRIES BROTHERS,

Petitioners,

v.

BRUCE HOWES,

Respondent.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Petitioners, The Great Lakes Press Corporation, Holt Manufacturing Company and De Vries Brothers, respectfully pray that a writ of certiorari issue to review the judgment entered on May 12, 1982, rehearing denied on June 28, 1982, by the U.S. Court of Appeals for the Second Circuit.

Opinions Below

The opinion of the Court of Appeals for the Second Circuit (MESKILL, CARDAMONE and PIERCE, Circuit Judges) reversing the District Court is not reported but is reproduced in Appendix A. The opinion denying rehearing is also not reported and is reproduced in Appendix B. The opinion of the District Court is reproduced in Appendix E.

Statement of Jurisdiction

The judgment of the Court of Appeals was entered on May 12, 1982. A timely petition for rehearing was denied on June 28, 1982. The jurisdiction of this Court arises under 28 U.S.C. 1254(1).

Statutory Provisions Involved

The statutory provisions involved are 35 U.S.C. 101 and 103. These statutory sections are set forth in Appendix C.

Statement of the Case

This petition involves the issue of validity of U.S. Patent No. 3,966,396, issued to Bruce Howes and Thomas K. Holland, on June 29, 1976 (hereinafter the Howes patent).

The action for patent infringement was commenced on June 26, 1978, against petitioner The Great Lakes Press Corporation (Great Lakes). Petitioners, Holt Manufacturing Company (Holt) and De Vries Brothers (De Vries) subsequently intervened as defendants.

The issue of validity was tried before a jury (the issue of infringement having been severed for separate trial). After a seven-day trial, the jury returned with a verdict, on December 4, 1980, finding the subject matter of the patent unobvious under 35 U.S.C. 103. The verdict of unobviousness, however, was rendered without the jury applying the basic and exclusive tests mandated by this Court in

Graham v. *John Deere,* 383 U.S. 1 (1966), for determining the issue of "obviousness".

On December 17, 1980, petitioners filed a motion for judgment n.o.v., or a new trial. Judgment n.o.v. was granted on July 29, 1981, based on 35 U.S.C. 101; since the District Court found the patent invalid under Section 101, it did not reach the question of obviousness. Respondents appealed and the Court of Appeals reversed the judgment that the patent was invalid under 35 U.S.C. 101. The Appellate Court, *sua sponte,* also decided the question of "obviousness" (Section 103), without applying the specific steps of the *Graham* test.

The Patented Subject Matter

The Howes patent is directed to a conventional off-set printing process for printing fabric, using dry, heat-transfer dyes. As is conventional in off-set printing, the image is formed of dot patterns of desired colors which are transferred from an engraved cylinder to paper, and from the paper to the fabric.

An inherent characteristic of the heat-transfer dyes is that the dyes expand dramatically when transferred from the paper to the fabric through vaporization. The dyes were not invented by the patentees, and were known to the trade, as was the process, years before the Howes patent. Three different colored dyes were conventionally used to form the dots, namely, yellow, red and blue, and each expanded a different amount. The expansion of the dyes was the natural phenomenon; the "invention" was to reduce the dot size proportionally to compensate for its expansion

so that the expanded dots would not overlap and distort the colors. For example, the yellow dot expanded 500%; the red dot expanded 300%; and the blue dot expanded 300%. The patentees' "contribution" was to reduce the dot size by the exact amount it was expanded.

The following admissions by the patentees Howes, Holland and their witnesses place the issue in perspective. The admissions occurred at trial in cross-examination. The admissions refer to "negative density", and it should be understood that the design transferred to the print cylinder was accomplished by the conventional photographic process. Thus, the fabric was first photographed, and the negative converted into dot form; the dot size was varied by changing the "negative density". That technique for varying dot size was also conventional in off-set lithographic printing.

The admissions were:

1. It was obvious that the dots expanded (Howes Tr. 131, 137, 138); and the "obvious solution" was to make the dots smaller (Howes Tr. 131).
2. When the density of the negative is reduced, the dot size is reduced and "That was the solution to the problem" (Howes Tr. 133).
3. It was within normal routine skill of the cameraman to alter the density of the negative so as to reduce the size of the dot proportionately to the expansion of that dot (Mathews Tr. 448).
4. It was obvious to space the dots further apart and one way to space the dots further apart was to make them smaller, and "that is exactly what the patent is all about" (Holland Tr. 320-22).

5. In fact, not only was the alleged invention of providing increased spacing obvious, it was the "most obvious" procedure (Gerlach Tr. 508-09; Holland Tr. 318-21).

Succinctly, the patented "invention" made use of the inherent characteristics of heat transfer dyes, and compensated for the expansion of the color-carrying dot by reducing the size of the dot, all by a process which was admittedly the obvious solution to the expansion characteristic.

The Previous Independent Development by Petitioners De Vries and Holt

De Vries and Holt commercially used and sold the heat-transfer process long prior to the "invention" date of the Howes patent.

In its decision, the Court of Appeals several times stated that Howes and Holland developed a "new" process, or developed a "new" use of an old process.* The Court, however, overlooked the extensive prior uses of petitioners De Vries and Holt. De Vries and Holt independently of each other and independently of Howes developed the same heat-transfer process as claimed in the Howes patent. Substantial physical and documentary evidence were introduced to establish the prior uses and sales.** In fact, the Court of Appeals stated:

---

* Slip Opinion (7a), lines 7-10, 21-23; (14a), lines 15-24.

** In referring to the prior uses, the Court cited a case based on "uncorroborated testimony" (19a), line 4. In fact, however, defendants' testimony was corroborated extensively by direct and tangible evidence. (For example, actual textile prints made by the prior processes; Trial Exhibits C and F.)

> "By 1974 [i.e., prior to the Howes patent date], De Vries obtained commercially acceptable textile prints using the heat transfer method." (Slip Opinion, 18a).

The prior uses were necessarily the same as the patented process, i.e. the claimed process, as there was no other way to practice the process (Tr. 150, 285, 286).

The Patented Subject Matter Is Not Patentable Under 35 U.S.C. 101

The District Court found the Howes patent invalid under Section 101 as merely encompassing "the concept of dramatically reducing the size of the dots used in transferring the heat-transfer ink to fabric."*

He correctly understood, and the record established through respondents' witnesses that (1) the printing technique was conventional; (2) the expansion of dyes was a natural phenomenon; (3) the recognition of the phenomenon was obvious, and (4) there was only one way to compensate for the expansion which was also admittedly obvious.

The trial court described the patented subject matter as a "concept" of dramatically reducing the size of dots, and applied the established law that patents are not granted for "concepts".

This question was recently addressed in *Parker* v. *Flook*, 437 U.S. 584, 594 (1978), wherein this Court held that a

* Tr. 130-133; 143-146; 150, 276-278; 280; 285, 286, 446-448.

"discovery" cannot support a patent "unless there is some other inventive concept in its application." Thus, even if it is assumed, as respondents urged below, that the discovery resided in reducing the dot size proportional to its expansion (during vaporization), the patentees admitted that concept was obvious. Indeed, that same concept and application of concept were practiced by Holt and De Vries long before the Howes patent simply because it was the routine solution to the problem. Thus, the requirement that there be some inventive application of the "discovery" as required by *Flook, supra,* is not met by the patented subject matter.

The Court Did Not Apply the *Graham* Test to the Claims

The Court of Appeals did not subject the *claims* to the *Graham* test, in reaching the decision of unobviousness. Under the first part of that test, the claims should have been compared with the prior art, i.e., with the earlier Holt and De Vries processes, to determine what, if any differences existed. If that test had been applied, the Court would have learned that there was no difference.

Following that determination, the second part of the *Graham* test required weighing any differences against the skill of the art to determine the issue of obviousness. That part of the test was also totally disregarded by the Court of Appeals.

Indeed, instead of applying the strict tests of *Graham,* as mandated by this Court, the Court of Appeals rendered its *sua sponte* opinion based on the opinions of "experts".

The approach by the Court of Appeals is exactly the approach this Court proscribed in *Graham*. A decision on "obviousness" should not be resolved by experts delivering hindsight opinions without, first, analyzing the scope and content of the prior art; second, resolving what difference, if any, exists between the prior art and the claims at issue; and, third, comparing any such difference against the skill in the art.

It is that analysis, and only that analysis, that permits objective, rather than subjective, claim evaluation. If claims were not subjected to such objective criteria, the validity of patents' fate would come to depend on the mechanical aptitude and technical sophistication of the trier of fact. The *Graham* tests were formulated to minimize just such biases.

Reasons for Granting the Writ

1. There Is Confusion Regarding the Patentability of Inventions Involving Natural Phenomena.

Because of the increasing development of new fields of technology, where the discovery is often the natural or obvious use of a natural phenomenon, it is essential that the ambit of 35 U.S.C. 101 be clearly defined.

The patented subject matter here is the obvious use of a natural phenomenon. The dots expand when vaporized, and the compensation for the expansion is admittedly obvious. The respondents contend that this Court's decision in *Diamond* v. *Diehr, et al.*, 450 U.S. 175 (1981), sanctioned the issuance of a patent on the obvious application of a natural phenomenon.

The District Court held the Howes patent invalid under 35 U.S.C. 101, citing *Diamond* v. *Diehr, et al.*, 450 U.S. 175 (1981), but relying primarily on dicta. In that case, the patent was directed to a process for curing rubber which employed computer controlled parameters. The claim was rejected by the Patent Office as being directed primarily to a computer program and therefore constituting non-statutory subject matter; the Court of Customs and Patent Appeals reversed the Patent Office on the ground that the claim essentially was drawn to a process for curing rubber, and the use of a programmed computer was merely incidental to the process. This Court affirmed, on the ground that the claim was not merely drawn to a computer program.

The significant part of this Court's ruling in the *Diehr* case, upon which the District Court relied, reads as follows (at 191):

> "We recognize, of course, that when a claim recites a mathematical formula (or scientific principle or *phenomenon* of nature), an inquiry *must* be made into whether the claim is seeking patent protection for that formula [or phenomenon] in the abstract. . . . Similarly, *insignificant* post-solution activity will not transform an unpatentable principle into a patentable process. To hold otherwise would allow a competent draftsman to evade the recognized limitations on the type of subject matter eligible for patent protection." (Underscoring added).

The above-stated rule applies exactly to this case. The "post-solution activity" was admittedly obvious and conventional and, therefore, by definition 'insignificant".

The Court of Appeals cited the *Diehr* case,* 450 U.S. at 188, for the proposition that

* Slip Opinion, 13a, 14a.

> "... a new combination of steps in a process may be patentable even though all the constituents of the combination were well-known and in common use before the combination was made."

There is, however, no issue that a "new" combination of old steps may be patentable. The patentability of a "new" combination, however, is determined under Sections 102 and 103, and not 101. Section 101 is concerned only with the eligibility of subject matter for patent.

We submit, that while the *Flook* and *Diehr* descriptions concern mathematical formulae and computer programs, it is important that this Court make clear that only "inventive" applications of a phenomenon comports with Section 101. The threshold question, therefore, should be whether the "application" of the discovery is either inventive or insignificant. The record in this case establishes, by way of admissions, that the entire Howes process, as claimed, is old and obvious; i.e., the post-solution activity was insignificant.

2. The Circuits Are in Conflict as to the Exclusiveness of the *Graham* Tests in the Determination of Patentability Under Section 103.

Thirteen years after *Graham*, the Seventh Circuit, recognizing that several different tests are still being used by the Courts to determine obviousness, stated:

> "... Therefore until Congress shall otherwise legislate or the Supreme Court shall otherwise specifically hold, this court will continue to apply the *Graham* analysis *as the exclusive means* by which to measure nonobvious-

ness under section 103." (Underscoring added) *Republic Industries, Inc.* v. *Schlage Lock Company*, 592 F.2d 963, 972 (7 Cir. 1979).

Other Circuits have followed the Seventh Circuit, and have required, as a minimum, that the claims be subjected to the three-part *Graham* test.* The Second Circuit, at least in this case, has totally ignored this mandated test. Although mentioning the *Graham* case by name, the Court of Appeals never made a comparison between the claims at issue and the prior De Vries and Holt processes.

Conclusion

It is respectfully prayed that this petition be granted and the case selected for review.

Respectfully submitted,

JOHN M. CALIMAFDE
Attorney for Petitioners
60 East 42nd Street
New York, New York 10165

Of Counsel:
JOHN M. RHODES, JR.
HOPGOOD, CALIMAFDE, KALIL,
BLAUSTEIN & JUDLOWE
60 East 42nd Street
New York, New York 10165

---

* *Colt Industries Operating Corp.* v. *Index-Werke K.G.*, —— F.2d —— (D.C. Cir. 1980) [Appendix D]; *Rengo Co. Ltd., et al.* v. *Molins Machine Co., Inc.*, 657 F.2d 535, 540-546 (3 Cir. 1981); *Stevenson* v. *Grentec, Inc.*, 652 F.2d 20, 22 (9 Cir. 1981).